

# Check Cashing & Bank or Credit Union Comparison

## About Check Cashing Services:

The first step to financial freedom is being in control of your money, & having an account is the first step toward taking control.

Companies that advertise “quick & easy” check cashing charge an exorbitant fee for cashing *your* check for *your* money. In general, this fee is around \$20 to \$40. Even though it may not sound like much, most families can't afford to waste a single dollar. Money spent cashing checks adds up quickly, cashing checks twice a month can equal over \$900 in a year.

Some check-cashing stores also make "payday loans." Let's say you need \$100 from a payday lender. Here's how your loan works:

- You show the store proof that you can cover the check, usually pay stubs or other paperwork.
- You to write a check for about \$120. The store agrees not to cash your check for a week or two.
- You get back \$100 in cash. The store keeps the extra \$20 as the fee for the loan. (Most stores charge between \$15 & \$30 for a payday loan.)
- The store cashes your check on the agreed-upon date.

After the time period is up, if you don't have the money in your checking account to cover the check you can extend the loan for increasing fees. This can cycle until you end up paying up to 650 percent in fees & interest charges.

Avoid check cashing companies because it's not worth a chunk of your paycheck when you have alternate solutions to getting your money. You earned that money so you should keep as much of that money as possible.



## Bank or credit union accounts offer many advantages.

In addition to saving money on check cashing & money order fees, banks offer:

1. **Safety & Security:** Storing all your money in cash at home isn't safe. Your home could be burglarized, flood, or catch on fire. In the event of a burglary, most of those places you thought were safe for hiding your money will probably be found. Even though your money is in a bank, it still belongs to you. If anything ever happens to the bank, your money will be returned to you.
2. **Convenience:** When you have money in the bank, you can access it from anywhere. A checking account also makes it easier to pay bills. You won't have to pay bills in person, & you won't need to purchase cashier's checks.
3. **Saving & Investing:** Once you have enough money, you'll want to start saving & investing your money to optimize your future financial situation. You simply can't take advantage of earning interest if you don't have an account.
4. **Other Helpful Services:** Establishing a relationship with a bank can set you up for great opportunities in the future, such as a loan to buy a car or home, special savings plans for college & vacations. The more options you have, the more you'll be able to accomplish.
5. **You'll Think Twice About Spending Habits:** Yes, this is a good thing. If you keep your money at home, you'll have easier access to it, which means you may be more likely to spend it. Having to make a trip to the bank, write checks, or use the ATM becomes a conscious decision to spend. Your money's there when you need it, but by thinking about your purchase, you can save more by making wiser decisions.